

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that the annual general meeting (the "Meeting") of the shareholders of JNR Resources Inc. (the "Company") will be held in the Boardroom of Maitland & Company, Barristers & Solicitors, at Suite 700 - 625 Howe Street, Vancouver, British Columbia, at 10:00 a.m. (Vancouver time) on Friday, July 23, 2004, for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal period ending January 31, 2004, together with the auditor's report thereon.
2. To appoint the auditor for the Company and to authorize the directors to fix the remuneration to be paid to the auditor.
3. To elect directors for the ensuing year.
4. To approve an amendment to the Company's Notice of Articles as required by the new British Columbia *Business Corporations Act*.
5. To approve, by Special Resolution, that the number of common shares authorized to be issued by the Company be increased to an unlimited number of common shares without par value.
6. To replace, by Special Resolution, the existing Articles of the Company with a new set of Articles prepared in accordance with the British Columbia *Business Corporations Act*.
7. To ratify and approve the Company's existing stock option plan.
8. To approve various matters concerning the grant, exercise and renegotiation of stock options.
9. To receive the report of the directors.
10. To transact such other business as may be brought before the Meeting.

**A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please read the notes accompanying the instrument of proxy enclosed and then complete and return the proxy within the time set out in the notes. As set out in the notes, the enclosed instrument of proxy is solicited by management, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.**

**DATED** at Vancouver, British Columbia, the 11<sup>th</sup> day of June, 2004.

**BY ORDER OF THE BOARD**

**"Richard Kusmirski"**  
President

# **JNR RESOURCES INC.**

## **INFORMATION CIRCULAR FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 23, 2004**

This information is given as of June 11, 2004 unless otherwise noted.

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of JNR RESOURCES INC. (the "Company") for use at the Annual General Meeting (the "Meeting") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

### **PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed Instrument of Proxy is solicited by Management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Instrument of Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying Instrument of Proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the Instrument of Proxy and insert the name of his nominee in the blank space provided, or complete another Instrument of Proxy. The completed Instrument of Proxy should be deposited with the Company's Registrar and Transfer Agent, CIBC Mellon Trust Company, at P.O. Box 1900, Vancouver, British Columbia, V6C 3K9, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays.**

The Instrument of Proxy must be dated and be signed by the shareholder or by his attorney in writing, or, if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a Proxy either by (a) signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Instrument of Proxy is required to be executed as set out in the notes to the Instrument of Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such Proxy shall be deemed to have been revoked.**



## NON-REGISTERED HOLDERS OF COMPANY'S SHARES

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their common shares in their own name ("Beneficial Shareholders") are advised that only proxies from shareholders of record can be recognized and voted at the Meeting.** Beneficial Shareholders who complete and return an Instrument of Proxy must indicate thereon the person (usually a brokerage house) who holds their common shares as registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder's broker or agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the common shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the notice of meeting, this information circular and the proxy to the clearing agencies and intermediaries for onward distribution to non-registered shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a Beneficial Shareholder receive such a form and wish to vote at the Meeting, the Beneficial Shareholder should strike out the management proxyholder's name in the form and insert the non-registered shareholder's name in the blank provided. The majority of brokers now delegate the responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with an ADP sticker on it cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to ADP well in advance of the Meeting in order to have the common shares voted.**

All references to shareholders in this information circular and the accompanying proxy and notice of meeting are to registered shareholders unless specifically stated otherwise.

## VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.



**In the absence of any direction in the Instrument of Proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular.** The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting. At the time of printing of this Information Circular, Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed elsewhere in this Information Circular, none of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

On June 11, 2004, 61,041,027 common shares without par value were issued and outstanding, each share carrying the right to one vote. At a General Meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

Only shareholders of record on the close of business on the 11th day of June, 2004, who either personally attend the Meeting or who complete and deliver an Instrument of Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company, no one shareholder owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Executive Officers of the Company**

The following table contains information about the compensation paid to, or earned by, those who were, at January 31, 2004, (a) the Company's chief executive officer (or an individual who acted in a similar capacity); (b) each of the four other most highly compensated executive officers (except those whose total salary and bonus does not exceed \$150,000) and (c) any additional individuals whose total salary and bonus exceeded \$150,000 during the year ended January 31, 2004. The Company presently has one Named Executive Officer, namely Richard Kusmirski, the President.

### Summary Compensation Table

Name and Principal Position	Fiscal Year Ended January 31	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/ SARs Granted <sup>1</sup> (#)	Restricted Shares or Share Units (\$)	LTIP Payouts (\$)	
Richard Kusmirski President	2004	nil	nil	\$49,500 <sup>2</sup>	925,000	nil	nil	\$33,800 <sup>3</sup>
	2003	nil	n/a	31,500	300,000	nil	nil	nil
	2002	nil	n/a	31,500	1,000,000	nil	nil	nil

1. The sum of the number of securities under option granted during each fiscal year, on a non-cumulative basis.
2. Paid to TerraVenture Geological Services Ltd. ("TerraVenture"), a private company beneficially owned by Richard Kusmirski, for management services.
3. Paid to TerraVenture for geological and technical services.

#### Long Term Incentive Plan (LTIP) Awards

The Company does not have any long term incentive plans and, save as disclosed above, no remuneration payments were made, directly or indirectly, by the Company to its Named Executive Officer during the fiscal year ended January 31, 2004.

An LTIP means "any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Company or an affiliate or the price of the Company's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units".

#### Option and Stock Appreciation Rights (SARs)

The Company has in place a stock option plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such person with the opportunity to acquire an equity interest in the Company through rights granted under the plan to purchase shares of the Company. See "Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan" below for details relating to the Company's existing stock option plan.

The following table discloses the particulars of the options or SARs granted to the Named Executive Officer during the Company's completed financial year ended January 31, 2004:



### Option/SAR Grants during the Most Recently Completed Financial Year

Name	Securities Under Options/SARs Granted	% of Total Options/SARs Granted in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiry Date
Richard Kusmirski	600,000	32.43%	\$0.10	\$0.07	Feb.10/05
	325,000	17.56%	\$0.29	\$0.29	Jan.12/09

During the Company's completed financial year ended January 31, 2004, the following stock options were exercised by the Named Executive Officer:

### Aggregated Option/SAR Exercises during the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)¹	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money² Options/SARs at FY-End (\$) Exercisable/ Unexercisable
Richard Kusmirski	600,000	\$(3,000)	1,300,000 / 325,000	\$197,500 / 0

1. "Aggregate Value Realized" is calculated by determining the difference between the market value of the securities underlying the options or SARs at the date of exercise and the exercise price of the options or SARs and is not necessarily indicative of the value (i.e. loss or gain) actually realized by the Named Executive Officer.
2. "In-the-Money Options" means the excess of the market value of the Company's shares on January 31, 2004 over the exercise price of the options. The closing price of the Company's shares on January 31, 2004 was \$0.255

### Option and SAR Repricings

There were no repricings of stock options under the stock option plan or otherwise during the Company's completed financial year ended January 31, 2004.

### Defined Benefit or Actuarial Plan

The Company does not have a defined benefit or actuarial plan.

### Termination of Employment, Change in Responsibilities and Employment Contracts

The Company has in place a services agreement with TerraVenture Geological Services Ltd. ("TerraVenture"), a company beneficially owned by Richard Kusmirski, the Named Executive Officer, whereby the Company has agreed to pay the sum of \$5,000 per month to TerraVenture for providing management services to the Company. During the Company's completed financial year ended January 31, 2004, a total of \$49,500 was paid to TerraVenture for management services.

Except as otherwise disclosed herein, there are no compensatory plans, contracts or arrangements in place with the Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the Named Executive Officer with the Company or from a change in control of the Company or a change in the Named Executive Officer's responsibilities following a change in control, where in respect of the Named Executive Officer the value of such compensation exceeds \$100,000.

### **Compensation of Directors**

None of the directors of the Company received any cash compensation, directly or indirectly, for their services rendered during the most recently completed financial year of the Company. The Company does not have any non-cash compensation plans for its directors and it does not propose to pay or distribute any non-cash compensation during the current financial year, other than the possible grant of incentive stock options.

Furthermore, except for Richard Kusmirski, no amount was paid to any director of the Company during the fiscal year ended January 31, 2004 for services as a consultant or expert. TerraVenture Geological Services Ltd. ("TerraVenture"), a company beneficially owned by Mr. Kusmirski, the President and a director of the Company, received a total of \$33,800 for providing geological and technical services to the Company. See also "Termination of Employment, Change in Responsibilities and Employment Contracts" above for details relating to management fees paid to TerraVenture.

### **INTEREST OF MANAGEMENT AND INSIDERS IN MATERIAL TRANSACTIONS**

No director, senior officer, or other insider of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction which, in either case, has or will materially affect the Company other than as disclosed herein and as follows:

1. Richard Kusmirski, the President and a director of the Company, purchased the following securities of the Company during the Company's fiscal year ended January 31, 2004:
  - (a) pursuant to a private placement completed on June 19, 2003, Rick Kusmirski purchased 150,000 units at a price of \$0.05 per unit, each unit consisting of one common share and one share purchase warrant to purchase one additional common share for a period of one year at a price of \$0.10. The warrants were exercised in full on April 21, 2004;
  - (b) pursuant to a private placement completed on January 6, 2004, Rick Kusmirski purchased 100,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one share purchase warrant to purchase one additional common share for a period of two years at a price of \$0.15. The warrants expire on January 5, 2006; and
  - (c) pursuant to a private placement completed on January 23, 2004, Rick Kusmirski purchased 85,000 *flow-through* units at a price of \$0.25 per unit, each unit consisting of one *flow-through* common share and one share purchase warrant to purchase one additional common share for a period of two years at a price of \$0.31 for the first year and \$0.36 for the second year. The warrants expire on January 22, 2006.
2. Tracy Hurley, the Secretary and a director of the Company, purchased 100,000 units of the Company at a price of \$0.05 per unit pursuant to a private placement completed on June 19, 2003, each unit consisting of one common share and one share purchase warrant to purchase an additional common



share for a period of one year at a price of \$0.10. The share purchase warrants were exercised in full on April 21, 2004.

3. Les Beck, a director of the Company, purchased 40,000 units of the Company at a price of \$0.05 per unit pursuant to a private placement completed on June 19, 2003, each unit consisting of one common share and one share purchase warrant to purchase an additional common share for a period of one year at a price of \$0.10. The share purchase warrants were exercised in full on April 21, 2004.
4. Ron Hochstein, a nominee for election as a director of the Company, is the President and Chief Executive Officer of International Uranium Corporation (TSE - IUC), which has the right to earn a 51% interest in the Company's Moore Lake property through aggregate expenditures and investments of \$2.2 million over the first two years; and a further 24% interest in the Moore Lake property through additional aggregate expenditures and investments of \$2.2 million over years three and four. In addition, IUC purchased 2,000,000 units of the Company at a price of \$0.10 per unit pursuant to a private placement completed on January 6, 2004, each unit consisting of one common share and one share purchase warrant to purchase one additional common share for a period of two years at a price of \$0.15. The warrants expire on January 5, 2006. Subsequent to the Company's fiscal year ended January 31, 2004, IUC purchased an additional 1,000,000 shares of the Company at a price of \$0.50 per share pursuant to a private placement completed on April 7, 2004.

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Company or any associates or affiliates of the Company are or have been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

## MANAGEMENT CONTRACTS

During the Company's most recently completed financial year ended January 31, 2004, there were no management functions of the Company, which were to any substantial degree performed by a person other than a director or senior officer of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

Although Management is only nominating four (4) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:



Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Shares <sup>1</sup>
RICHARD KUSMIRSKI Saskatoon, SK <i>President and Director</i>	March 5, 2000	President of the Company since February 8, 2001; Self-employed consulting geologist.	1,205,000
TRACY HURLEY Delta, BC <i>Director</i>	April 14, 2003	Self-employed consulting geologist.	280,000
LESLIE BECK Regina, SK <i>Director</i>	August 14, 2000	Self-employed consulting geologist.	180,000
RON HOCHSTEIN Lakewood, CO <i>Proposed Director</i>	Nominee	President and Chief Executive Officer of International Uranium Corporation (TSE-IUC) since April 2000; Vice-President and Chief Operating Officer of IUC from January 2000 to April 2000.	NIL

1. Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

The above information was provided by Management of the Company.

Pursuant to the provisions of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee which, at the present time, is comprised of Messrs. Richard Kusmirski, Tracy Hurley and Leslie Beck.

#### **B. Appointment of Auditor**

Members will vote for the appointment of Twigg & Company, Chartered Accountants, of Suite 650 – 333 25<sup>th</sup> Street East, Saskatoon, Saskatchewan, S7K 0L4, as Auditor of the Company for the ensuing year, until the close of the next Annual General Meeting of the Members at a remuneration to be fixed by the Directors. On November 26, 2003, Ellis Foster, Chartered Accountants, were asked to resign as Auditor and the Directors, by resolution, appointed Twigg & Company, Chartered Accountants, effective December 1, 2003, as the Auditor of the Company. Members are asked to approve the appointment of Twigg & Company, Chartered Accountants, as the Auditor of the Company for the ensuing year.

The Notice of Change of Auditor required pursuant to National Policy No. 31 is attached hereto as Schedule "A" together with a letter from Twigg & Company, Chartered Accountants and Ellis Foster, Chartered Accountants, respecting the change.

Management recommends that the Members of the Company approve the appointment of Twigg & Company, Chartered Accountants, as the new Auditor for the Company.

### **C. Compliance with new British Columbia Business Corporations Act**

On March 29, 2004, the new *Business Corporations Act* (British Columbia) (the “New Act”) came into force replacing the previous *Company Act* (British Columbia) (the “Previous Act”). As a result, all BC companies are now governed by the New Act. The purpose of the New Act is to modernize and streamline company law in British Columbia by providing greater flexibility to companies through the removal of many of the restrictive provisions of the Previous Act, such as directors’ residency requirements and pre-emptive rights of shareholders. The New Act also reduces the regulatory burden on companies by eliminating certain filing and recordkeeping requirements and by implementing an electronic filing system.

#### ***Highlights of the New Act***

##### **Corporate Records and the Registrar of Companies**

- All filings with the Registrar of Companies including incorporation applications, constitutional amendments and other documents may be filed electronically, permitting filings to be made on a “24/7” basis.
- A company’s Articles will no longer be kept on file at the office of the Registrar of Companies and will be maintained only in the company’s minute book. The documents on file with the Registrar will be very limited, making proper maintenance of a company’s corporate records much more important.

##### **Share Capital and Corporate Finance**

- The New Act permits an unlimited number of shares in each class of its authorized capital. Fractional shares will also be permitted. Companies will still be able to issue shares with par value and shares without par value.
- The right to declare and pay dividends has been clarified and made more flexible. Under the New Act, dividends may be declared out of profits, capital or otherwise. In addition, the definition of insolvency in the New Act, which in effect limits a company’s ability to pay dividends as well as to repurchase and redeem its shares, has been clarified, which will result in increased flexibility.
- The New Act does not require that a company’s offer to purchase or redeem its own shares be made on a pro-rata basis to all shareholders.
- Under the New Act a company may provide financial assistance in connection with the purchase of shares which was not permitted under the Previous Act although the company will have to disclose such assistance to its shareholders by making a filing in its corporate records.

##### **Directors and Officers**

- The requirement that a majority of the directors of a company be resident in Canada (and at least one be resident in British Columbia) has been removed. Under the New Act there are no residency requirements for directors.
- There will no longer be a requirement to appoint a President and a Secretary. A company will be permitted to have whatever officers it chooses.
- The provisions regarding conflicts of interest of directors have been expanded and clarified.
- Court approval will no longer be required for indemnification of directors and officers against claims made against them or expenses incurred in defending themselves, subject to some exceptions. In some circumstances, indemnification will be mandatory.



- Directors' consent resolutions may be passed in the manner provided under the Articles, including by email.

## **Shareholders**

- Under the New Act a company may hold its annual general meetings in locations outside of British Columbia, without approval from the Registrar, if the same is permitted by the Articles or by a resolution of the shareholders of the company.
- Shareholders will be permitted to hold meetings by telephone or other electronic means.
- Under the Previous Act, certain significant actions by a company must be approved by a special resolution of its shareholders, which requires approval by 3/4 of the votes cast by the shareholders eligible to vote on the resolution. The New Act reduces that threshold to 2/3 for companies incorporated under that Act, and pre-existing companies may amend their Articles to adopt the same threshold. Alternatively, companies may specify in their Articles a percentage required to pass a special resolution that is between these two thresholds.
- Under the New Act, a shareholder will be able to require a public company, by way of a shareholder proposal, to put a matter before its shareholders at a general meeting. Generally speaking, shareholders holding at least 1% of the voting shares can submit proposals to the company three months prior to the anniversary of the last annual general meeting of shareholders.
- The requirement to publish advance notice of election of directors at least 56 days prior to a general meeting has been removed.

## **Corporate Changes**

- Amalgamations will be possible without court approval. A simplified procedure will apply to vertical and horizontal "short-form" amalgamations. In limited circumstances amalgamations with companies of other jurisdictions will be permitted.
- The process for voluntary dissolution of a company will be more flexible.
- Restoration of a dissolved company will be possible by order of the Registrar of Companies without the need for court approval.
- Companies will have an enhanced ability to apply to court for an order to correct errors in their Articles, Notice of Articles, minutes of meetings, resolutions, register of directors or central securities register that result in non-compliance with either the New Act or the Previous Act.

## ***Transition to the New Act***

Every British Columbia company, including the Company, must transition to the New Act no later than March 29, 2006. In order to do so, the Company must electronically file a Transition Application with the Registrar of Companies which contains a "Notice of Articles" which on filing will replace the corporate Memorandum. Once transitioned, the Company will no longer have a Memorandum and the Notice of Articles will set out, amongst other things, the authorized share structure of the Company and the names and addresses of the directors. Any company that has not completed the transition to the New Act by March 29, 2006 will be subject to dissolution. In addition, companies that have not completed the transition cannot complete various corporate actions, including capital alterations or name changes.

While an existing B.C. company is not required to change its corporate Articles under the New Act, it is anticipated that most public companies will likely do so in order to take advantage of certain provisions of the New Act that give more flexibility in terms of corporate governance.

The board of directors of the Company has passed a resolution approving the filing of a Transition Application. The Transition Application contains as new Notice of Articles (which will replace the Company's existing Memorandum).

***Proposed Resolutions to be Passed at the Meeting Relating to the New Act***

**Removal of Pre-Existing Company Provisions**

Under the New Act, every "pre-existing company" remains subject to certain "Pre-existing Company Provisions" contained in the Previous Act unless such provisions are removed with the approval of the shareholders by way of special resolution. Such Pre-existing Company Provisions include the following provisions relevant to the Company:

- the majority required to pass a special resolution is 3/4 of those votes cast at a properly constituted meeting of shareholders. Under the New Act a special resolution may be passed with a minimum 2/3 vote; and
- a repurchase or redemption of shares can only be offered pro-rata to all shareholders. This provision has been removed under the New Act.

In order to take full advantage of the flexibility offered by the New Act, the board of directors of the Company proposes to remove the Pre-existing Company Provisions in connection with the adoption by the Company of a new form of Articles that incorporates provisions permitted under the New Act. The removal of the Pre-existing Company Provisions requires the affirmative vote of not less than 3/4 of the votes cast at the Meeting by shareholders of the Company, present in person or by proxy. Accordingly, the Company's shareholders will be asked to consider and, if deemed advisable, to pass, with or without amendment, the following special resolution:

"RESOLVED, as a Special Resolution, that:

- (a) the Pre-Existing Company Provisions set forth in Part 16 of the Regulations to the *Business Corporations Act* (British Columbia) are hereby removed and no longer apply to the Company;
- (b) the President or any one director of the Company is authorized to instruct its agents to file a Notice of Alteration to a Notice of Articles with the Registrar of Companies along with all other necessary documents and take such further actions that may be necessary to effect the amendment;
- (c) the Notice of Alteration shall not be filed with the Registrar of Companies unless and until this resolution has been received for deposit at the Company's record office; and
- (d) the board of directors is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders."

**Alteration of Authorized Share Capital**

The Company proposes to alter its Notice of Articles to increase the Company's authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value as now permitted under the New Act.



Management believes that authorizing the Company to issue an unlimited number of common shares would benefit the Company by providing greater flexibility to carry out future capital raising activities and helping to avoid delays and expenses associated with convening an extraordinary general meeting to approve further alterations to the Company's authorized share capital.

The resolution to increase the authorized capital requires the affirmative vote of not less than  $\frac{3}{4}$  of the votes cast at the Meeting by shareholders of the Company, present in person or by proxy. Accordingly, the Company's shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, a special resolution as follows:

"RESOLVED, as a Special Resolution, that:

- (a) the number of common shares authorized to be issued be increased to an unlimited number of common shares without par value and the Company's Notice of Articles be altered accordingly;
- (b) the President or any one director of the Company is instructed to authorize its agents to file a Notice of Alteration to a Notice of Articles with the Registrar of Companies along with all other necessary documents and take such further actions that may be necessary to effect the amendment; and
- (c) the board of directors is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders."

### Replacement of Articles

The board of directors of the Company is seeking shareholder approval to replace the existing Articles (the "Old Articles") of the Company with a new form of Articles (the "New Articles") that takes advantage of the greater flexibility provided under the New Act.

The following is a summary of certain key provisions contained in the New Articles that represent a change from the Old Articles:

1. **Location of Shareholder Meeting:** if approved by director's resolution, general meetings of shareholders of the Company can be held at locations outside of British Columbia;
2. **Time of Shareholder Meeting:** general meetings of shareholders of the Company are required to be held each calendar year and not more than fifteen months (rather than thirteen months as was previously the case) after the holding of the last preceding annual general meeting;
3. **Shareholder Resolutions at Meetings:** the requisite majority to pass a special resolution at a meeting of shareholders is decreased from a  $\frac{3}{4}$  majority to a  $\frac{2}{3}$  majority;
4. **Shareholder Resolutions by Written Consent:** shareholders may pass a resolution without a meeting by unanimous written consent in the case of a special resolution, or by consent of the shareholders holding  $\frac{2}{3}$  of the voting shares in the case of an ordinary resolution;
5. **Redemption and Repurchase:** any offer by the Company to purchase or redeem its own shares does not have to be made pro rata to all the shareholders;
6. **Resolutions Required to Effect Capital Alterations:** changes to the Company's capital structure may be effected by ordinary resolution including, but not limited to, the following: creation or cancellation

of one or more classes or series of shares, creation or removal of special rights and restrictions attaching to any class or series of shares, changing the authorized capital, consolidating or subdividing all or any of its issued or unissued shares, and other alterations to the share capital and authorized capital where permitted under the New Act;

7. ***Change of Name:*** the name of the Company can be changed by ordinary resolution or resolution of the directors; and
8. ***Director Indemnification:*** the New Articles reflect the New Act provisions with respect to the indemnification of directors and officers and other eligible persons. These include the removal of court approval of any agreement to indemnify a director or officer in most cases, as well as mandatory indemnification in certain eligible cases.

The full text of the proposed Articles will be presented to the shareholders at the Meeting. Shareholders may also view the proposed Articles in advance of the Meeting at the Company's records office, Maitland & Company, Suite 700 - 625 Howe Street, Vancouver, British Columbia.

The board of directors of the Company proposes to adopt the New Articles. The adoption of the new Articles requires the affirmative vote of not less than  $\frac{3}{4}$  of the votes cast at the Meeting by the Company's shareholders, in person or by proxy. Accordingly, the Company's shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, a special resolution as follows:

"RESOLVED, as a Special Resolution, that:

- (a) the existing Articles of the Company be cancelled and the form of Articles presented at the Meeting be adopted as the Articles of the Company in substitution for, and to the exclusion of the existing Articles; and
- (b) the President or any one director of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, including the new form of Articles, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof."

If approved by the shareholders, the above amendments to the Notice of Articles will become effective immediately upon the filing of a Notice of Alteration to the Notice of Articles with the Registrar of Companies. However, in the case of the Articles (which are no longer filed with the Registrar of Companies), the above amendments will become effective immediately upon their execution and delivery to the records office of the Company.

#### **D. Ratification of Stock Option Plan and Repricing of Stock Options**

The Company received shareholder approval at its Annual General Meeting held on July 25, 2003 to a "rolling" stock option plan (the "Plan") whereby a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The TSX Venture Exchange (the "TSX.V") requires listed companies who have "rolling" stock option plans in place to receive shareholder approval to such plan on a yearly basis at the Company's annual general meeting. As such, the directors of the Company wish to ratify and approve the Plan.



The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years (or ten years if the Company is reclassified by the TSX.V as a Tier 1 Issuer).
2. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX.V to a minimum of \$0.10 per share.
3. No vesting requirements will apply to options granted thereunder, however a four month hold period will apply to all shares issued under each option, commencing from the date of grant.
4. All options will be non-assignable and non-transferable.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director or ceases to be employed by the Company, subject to the terms and conditions set out in the Plan. However, if the option holder is engaged in investor relations activities the options must expire within 30 days after the option holder ceases to be employed by the Company to provide investor relations activities, in accordance with the policies of the Exchange.
7. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued shares.
8. For stock options granted to employees, consultants or management company employees, the Company represents that the proposed optionee is a bona fide employee, consultant or management company employee, as the case may be.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

The Plan is subject to receipt of annual TSX.V acceptance to its filing. Shareholders will be asked to consider, and if thought fit to approve a resolution ratifying and approving the Company's existing Plan.

Reference should be made to the full text of the Plan which will be made available at the offices of Maitland & Company, 700 - 625 Howe Street, Vancouver, BC, V6C 2T6, until the business day immediately preceding the date of the Meeting.

In addition, TSX.V Policy requires that a listed company must obtain "disinterested shareholder approval" (such that no insider or proposed insider (or their associates) will be entitled to vote on such resolutions) to:

1. a decrease in the exercise price of stock options previously granted to insiders; and
2. if and only if the Company becomes a Tier 1 issuer, the issuance to any one optionee, within any 12 month period, of a number of shares exceeding 5% of the issued shares; and

3. the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the number of issued shares.

It may occur that the Company will grant stock options pursuant to the Plan, from time to time during the next 12 months, to insiders that in aggregate will exceed 10% of the Company's issued shares. Accordingly, members will be asked to pass resolutions authorizing the directors to implement the above. **Granting the directors the right to issue or renegotiate the price of such options does not mean that the same will occur.** Rather it allows the directors the flexibility to undertake the same should the circumstances warrant, without the expense of calling another shareholder meeting to specifically approve each issuance or renegotiation of price.

### OTHER MATTERS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Instrument of Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

### ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to JNR Resources Inc. is provided in the Company's comparative financial statements and management discussion and analysis ("MD&A") for the fiscal year ended January 31, 2004. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to P.O. Box 26061, Saskatoon, Saskatchewan S7K 7H9; or (ii) fax to (306) 975-1059.

### APPROVAL

The content and sending of this Information Circular has been approved by the Company's board of directors. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

**DATED** at Vancouver, B.C., the 11th day of June, 2004.

### BY ORDER OF THE BOARD

***"Richard Kusmirski"***  
President



**SCHEDULE “A”****NOTICE REGARDING CHANGE OF AUDITOR  
OF A REPORTING ISSUER GIVEN PURSUANT TO NATIONAL POLICY NO. 31.**

NOTICE is hereby given that the Board of Directors proposes that Ellis Foster, Chartered Accountants, not be re-appointed as the Auditor of the Company and that it is proposes that Twigg & Company, Chartered Accountants, be appointed as the Auditor of the Company. (The appointment of Twigg & Company, Chartered Accountants, was considered and approved by the Company’s Audit Committee on November 25, 2003.)

There have been no reservations in the Auditors’ reports for the audits of the two most recently completed fiscal years. In the opinion of Company, prior to the appointment of Twigg & Company, Chartered Accountants, there were no reportable events. A reportable event is an occurrence in the relationship between the reporting issuer and the Former or Successor Auditor which may have been a contributing factor in the change.

The contents of this Notice and the attached letters from Ellis Foster, Chartered Accountants (the “Former Auditor”) and Twigg & Company, Chartered Accountants (the “Successor Auditor”) have been reviewed by the Audit Committee.

**BY ORDER OF THE BOARD OF DIRECTORS**

**“Richard Kusmirski”  
President**

# ELLIS FOSTER

CHARTERED ACCOUNTANTS

1650 West 1st Avenue  
Vancouver, B.C., Canada V6J 1G1  
Telephone: (604) 734-1112 Facsimile: (604) 714-5916  
E-Mail: [generaldelivery@ellisfoster.com](mailto:generaldelivery@ellisfoster.com)  
Website: [www.ellisfoster.com](http://www.ellisfoster.com)

Reply Attention: D. Van Hatten

November 26, 2003

British Columbia Securities Commission  
9<sup>th</sup> Floor - 701 West Georgia Street  
Vancouver, BC V7Y 1L2

**Attention: Statutory Filings**

Dear Sirs/Mesdames:

**Re: JNR Resources Inc. (the "Company")**

We have been provided with the enclosed notice with respect to our resignation as the auditor of the Company. Based on the information available to us, we agree with the information contained in the attached notice.

Yours truly,

ELLIS FOSTER



DVH:tw

cc: Twigg & Company  
JNR Resources Inc.

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*A partnership of incorporated professionals  
An independently owned and operated member of Moore Stephens North America Inc., a member of Moore Stephens International Limited  
- members in principal cities throughout the world*



**TWIGG & COMPANY**  
CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON S7K 0L4

TELEPHONE (306) 244-0808  
FACSIMILIE (306) 244-0004

November 27, 2003

British Columbia Securities Commission  
9<sup>th</sup> floor - 701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1L2

ATTENTION: Statutory Filings

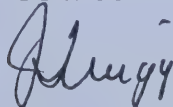
Dear Sirs/Mesdames:

**Re: JNR Resources Inc. (the "Company")**

We have been provided with the enclosed notice with respect to our appointment as the auditor of the Company. Based on the information available to us, we agree with the information contained in the attached notice.

Yours truly,

TWIGG & COMPANY



Jim Twigg, Partner

cc Ellis Foster  
cc JNR Resources Inc.

## BC Form 51-901F

### QUARTERLY AND YEAR END REPORT

#### ISSUER DETAILS:

NAME OF ISSUER	JNR RESOURCES INC.
ISSUER'S ADDRESS	P.O. BOX 26061 SASKATOON, SASK. S7K 7H9
ISSUER TELEPHONE NUMBER	(306) 249-3562
CONTACT PERSON	RICK KUSMIRSKI
CONTACT'S POSITION	PRESIDENT
CONTACT'S TELEPHONE NUMBER	(306) 249-3562
FOR QUARTER ENDED	JANUARY 31, 2004
DATE OF REPORT	JUNE 14, 2004

#### CERTIFICATE

THE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

<u>"R. T. Kusmirski"</u>	<u>RICK KUSMIRSKI</u>	<u>2004/06/14</u>
SIGNATURE OF DIRECTOR	NAME OF DIRECTOR	DATE SIGNED (YY/MM/DD)
<u>"Tracy Hurley"</u>	<u>TRACY HURLEY</u>	<u>2004/06/14</u>
SIGNATURE OF DIRECTOR	NAME OF DIRECTOR	DATE SIGNED (YY/MM/DD)



**TWIGG & COMPANY**  
CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON S7K 0L4

---

TELEPHONE (306) 244-0808

FACSIMILE (306) 244-0004

**JNR RESOURCES INC.**

**Auditors' Report and Financial Statements**

**for the year ended January 31, 2004**

**TWIGG & COMPANY**  
CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST

SASKATOON S7K 0L4

TELEPHONE (306) 244-0808

FACSIMILIE (306) 244-0004

**AUDITORS' REPORT**

**TO THE DIRECTORS OF  
JNR RESOURCES INC.**

We have audited the balance sheet of JNR Resource Inc. as at January 31, 2004 and the statements of operations and deficit and cash flows and the schedule of deferred exploration costs for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2004 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at January 31, 2003 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 11, 2003.

**SASKATOON, SASKATCHEWAN  
June 14, 2004**

  
CHARTERED ACCOUNTANTS



**JNR RESOURCES INC.**

**BALANCE SHEET AS AT JANUARY 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 633,019	\$ 5,923
Marketable securities	6,500	8,000
Accounts receivable		2,798
	639,519	16,721
<b>Capital assets (Note 3)</b>	5,446	4,187
<b>Deferred exploration costs (Note 3 &amp; 4)</b>	3,409,711	4,738,227
<b>Mineral properties and rights (Note 3 &amp; 4)</b>	132,060	154,807
	\$ 4,186,736	\$ 4,913,942
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 36,700	\$ 18,670
Due to a director	10,945	30,818
Taxes payable	75,745	121,681
	123,390	171,169
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	11,679,973	10,755,393
Contributed surplus	233,132	44,879
Deficit	(7,849,759)	(6,057,499)
	4,063,346	4,742,773
	\$ 4,186,736	\$ 4,913,942

See accompanying notes

Approved by the Board:



Director



Director

**JNR RESOURCES INC.**

**STATEMENTS OF OPERATIONS AND DEFICIT**

**FOR THE YEAR ENDED JANUARY 31, 2004**

	<b>2004</b>	<b>2003</b>
<b>Administration costs</b>		
Amortization	\$ 1,638	\$ 1,795
Bad debts	2,798	
Bank and loan interest	269	11,412
General meeting	3,626	7,974
Corporate services		20,478
Filing fees	17,746	4,007
Management fees	49,500	31,500
Office expense	5,317	7,703
Property examination expense	515	
Premises rent		6,510
Professional fees	21,450	7,527
Dues and memberships	1,220	
Consulting	21,500	2,702
Stock compensation	217,833	44,879
Telecommunications	3,960	2,782
Transfer agent	8,237	4,295
Travel and accommodation	22,975	5,281
Wages and benefits		30,677
	<b>378,584</b>	<b>189,522</b>
Other income		(12,800)
Recovery of expenses	(10,980)	(118,223)
Project management fees		(27,919)
Interest income	(651)	(13)
<b>Total costs</b>	<b>366,953</b>	<b>30,567</b>
<b>Operating loss for the year</b>	<b>366,953</b>	<b>30,567</b>
Deferred exploration costs written off	1,379,880	42,784
Mineral property costs abandoned or lapsed	45,427	91,453
Deferred recoveries		52,039
<b>Net loss for the year</b>	<b>1,792,260</b>	<b>216,843</b>
<b>Deficit, beginning of the year</b>	<b>6,057,499</b>	<b>5,840,656</b>
<b>Deficit, end of year</b>	<b>\$ 7,849,759</b>	<b>\$ 6,057,499</b>
<b>Basic loss per share (Note 3)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>



**JNR RESOURCES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JANUARY 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the year	\$ (1,792,260)	\$ (216,843)
Items not involving cash		
Stock based compensation expense	217,833	44,879
Amortization	1,638	1,795
	(1,572,789)	(170,169)
<b>Cash provided by (invested in) non-cash working capital</b>		
Decrease (increase) in accounts receivable	4,298	54,534
Decrease (increase) in prepaids		62
Increase (decrease) in accounts payable		
And accrued liabilities	18,030	(64,453)
Increase (decrease) in taxes payable	(45,936)	6,578
Increase (decrease) in due to director	(19,873)	30,442
	(1,616,270)	(143,006)
<b>Cash flows from (used in) financing activities</b>		
Issuance of share capital	895,000	
	895,000	
<b>Cash flows from (used in) investing activities</b>		
Mineral properties and rights, for cash	22,746	91,422
Deferred exploration expenses	1,328,517	46,039
Acquisition of capital assets	(2,897)	
	1,348,366	137,461
<b>Increase (decrease) in cash and cash equivalents</b>	627,096	(5,545)
Cash and cash equivalents, beginning of year	5,923	11,468
Cash and cash equivalents, end of year	\$ 633,019	\$ 5,923

# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

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### 1. Going Concern

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

### 2. Nature of Operations

The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not determined whether these properties contain ore reserves which are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interest involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interest. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

### 3. Significant Accounting Policies

#### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of asset and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

#### Mineral Properties and Rights

The Company follows the accepted accounting practice of capitalizing acquisition, exploration and development costs applicable to properties held. If the properties become productive the costs will be amortized over the anticipated production of the property. If the property is abandoned, the applicable costs will be written off.

# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

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### 3. Significant Accounting Policies - continued

Depletion of costs capitalized to properties will be recorded using the unit of production method based on estimated proven reserves as determined by independent engineers.

Management has determined each property or project to be a cost centre.

The costs capitalized represent those costs incurred to date and do not necessarily reflect present or future values.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as a resource property costs or recoveries when the payments are made or received.

#### Capital Assets

Capital assets are recorded at cost and amortized on a declining balance basis at the following annual rates:

Computer	30%
Equipment	20%

#### Cash Equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of 3 months or less when purchased.

#### Income Taxes

Income taxes are accounted for using the assets and liability method pursuant to Section 3465. of the Handbook of the Canadian Institute of Chartered Accountants. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

#### Stock-based Compensation Plan

Effective February 1, 2002, the Company adopted a new standard for the accounting for *Stock-based and other stock-based payments* ("CICA 3870), as recommended by the Canadian Institute of Chartered Accountants.



# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

### 3. Significant Accounting Policies - continued

As permitted by CICA 3870, the Company has applied the new recommendation prospectively only to awards granted on or after February 1, 2002. The Company adopted the settlement accounting method to account for stock-based compensation granted to employees. Under this method, the transaction will be recorded in share capital on the date the options are exercised. As required, the Company will disclose pro forma information regarding net income as if it has accounted for its employee stock options granted under the fair value method.

For stock options awards granted to non-employees and all direct awards of stocks, the Company applies the fair value method. The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

#### Basic and Diluted Loss Per Share

Loss per share amounts have been calculated and presented in accordance with the new recommendation of the Canadian Institute of Chartered Accountants. The new standard has been applied on a retroactive basis and had no impact on the amounts previously reported.

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

### 4. Mineral Properties and Rights

The Company has acquired certain mineral properties and rights, the costs of which are as follows:

Property	Property Costs	Deferred Exploration Costs	Total 2004	Total 2003
North Athabasca Project	\$ 6346	327,352	333,698	\$ 328,698
Greywacke Project	3,093	259	3,352	3,352
Moore Lake Project	72,684	2,311,575	2,384,259	3,694,442
Lazy Edward Bay Project	27,256	770,525	797,783	866,542
Bell Lake Project	22,681		22,681	
	<u>\$ 132,060</u>	<u>3,409,711</u>	<u>3,541,771</u>	<u>\$ 4,893,034</u>

# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

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### 4. Mineral Properties and Rights – Continued

#### A. North Athabasca Project

A 50% interest in CBS 8175, situated north of the Pine Channel of Lake Athabasca, Saskatchewan. To October 31, 2003, the company has expended \$6,346 on acquisition costs and \$327,352 on exploration of the property.

#### B. Greywacke Project

In May, 2001, the Company and Shane Resources Ltd. ("Shane") jointly acquired by staking 4 mineral claims in the Dickens Lake area of Northern Saskatchewan, the Greywacke Project pursuant to an agreement dated May 22, 2001, the Company and Shane entered into an option agreement granting to Masuparia Gold Corp. ("Masuparia") the right to earn an interest of up to 70% in the Company's and Shane's property known as the Greywacke Project. Under the agreement, Masuparia may earn a 51% interest in the two claims by making a property payment of \$10,000 (made), expending an aggregate \$850,000 on exploration of the claims by May 25, 2005, and issuing an aggregate 500,000 common shares, staged against exploration, by May 25, 2005. Thereafter, Masuparia may increase its interest to 70% by expending a further \$2 million on exploration of the claims by May 25, 2008.

To January 31, 2004, the Company had incurred net acquisition costs of \$3,093 and exploration costs of \$259 in respect of the claims, and had received a property payment of \$5,000 and shares valued at \$10,500 from Masuparia.

#### C. Moore Lake Project

Since 1997 the Company had acquired several claims by staking of which it now retains a total of 8 claims totalling 21,093 ha. in an area of the Athabasca Basin of Northern Saskatchewan known as the Moore Lake Project.

The Company and Kennecott Canada Exploration Inc. entered into a Reorganization Agreement dated December 6, 2002, in respect of the Moore Lake Project

Under the terms of the Reorganization Agreement, the Company can acquire all of Kennecott's interest (50%) in the Moore Lake Project property by expending \$2,000,000 on exploration of that property over the next five years. The Company will also immediately acquire Kennecott's interest in the Lazy Edwards Bay and Cigar North properties. Kennecott will retain a 2.5% net smelter return royalty on all the properties.

This Athabasca Project Reorganization agreement was amended February 20, 2004 allowing for a buydown of the 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott.

By way of a letter of intent dated October 23, 2003, the Company granted International Uranium Corp (IUC) an option to earn a 51% interest in the Moore Lake Project through aggregate expenditures and investments of \$2.2 million over the first two years. IUC will also have the option to earn a further 24% interest in the Moore Lake Project through additional aggregate expenditures of \$2.2 million over years three and four. The Company will be manager of the exploration programs.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements January 31, 2004**

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### **4. Mineral Properties and Rights – Continued**

To January 31, 2004, the Company had incurred net acquisition costs of \$72,684 and exploration costs of \$2,311,575 in respect of the claims.

#### **D. Lazy Edward Bay Project**

Since 1997 the Company had acquired several claims by staking of which it now retains a total of 3 claims totalling 10,250 ha. in an area of the Athabasca Basin of Northern Saskatchewan known as the Lazy Edward Bay Project.

During the year the Company acquired by staking 5 additional claims totalling 19,193 ha within this region forming part of the Lazy Edward Bay Project.

The Company and Kennecott Canada Exploration Inc. entered into a Reorganization Agreement dated December 6, 2002, in respect of the Lazy Edward Bay Project.

Under the terms of the Reorganization Agreement, the Company acquired all of Kennecott's interest in the Lazy Edward Bay Project property. Kennecott will retain a 2.5% net smelter return royalty on all the properties.

This Athabasca Project Reorganization agreement was amended February 20, 2004 allowing for a buydown of 2.5% net smelter return royalty to 1.25% by payment of \$1,000,000 to Kennecott.

By way of a letter of intent dated October 23, 2003, the Company granted International Uranium Corp (IUC) an option to earn a 75% interest in the Company's Lazy Edward Bay Project through expenditures of \$500,000 over two years. The Company will be the manager of the exploration programs.

To January 31, 2004 the Company had incurred net acquisition costs of \$27,256 and exploration costs of \$770,525 in respect of the claims.

#### **E. Bell Lake Project**

During the year the Company acquired by staking 3 claims totalling 8,939 ha in Northern Saskatchewan known as the Bell Lake Project. These properties are currently being reviewed by International Uranium Corp.(IUC) who can elect to earn a 75% interest in the property by meeting certain obligations.

To January 31, 2004 the Company had incurred net acquisition costs of \$22,681 in respect of the claim.

#### **F. Other Projects**

During the year the Company and International Uranium Corporation (IUC) acquired by staking 3 mineral claims totalling 11,830 ha in the South Cigar area of Northern Saskatchewan and 3 mineral claims totalling 12,819 ha in the Pendelton Lake area of Northern Saskatchewan. International Uranium Corp (IUC) can earn a 75% interest on these properties by paying the staking and recording fee (PAID) and the initial \$500,000 in exploration of these properties.



# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

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### 5. Income Taxes

The Company has incurred expenditures on its mining exploration properties which are identified as Canadian Exploration Expenses (CEE) and Canadian Development Expenses (CDE) for income tax purposes. The cumulative CEE and CDE expenditures and loss carryforwards may be used to reduce future years' taxable income earned by the Company. No provision for the future income tax reductions has been made in these financial statements.

The future income tax asset is recognized only to the extent that it is more likely than not that sufficient taxable income will be available to allow an unrecognized future income tax asset to be realized.

The exploration and development expenses totalling \$3,797,978 can be carried forward indefinitely. The non-capital loss totalling \$1,129,777 are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follow:

Year	Non-Capital Losses
2005	\$ 465,351
2006	110,826
2007	143,729
2008	194,738
2009	
2010	67,651
2011	147,482
Total	\$1,129,777

### 6. Share Capital

The Company is authorized to issue 100,000,000 Common Shares with no par value and 10,000,000 Convertible Preferred Shares with a par value of \$1 each. The Directors may deem the shares to be cumulative at date of issuance.

# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

### 6. Share Capital - Continued

At January 31, 2004 the Company's issued share capital was as follows:

	2004		2003	
	Number of Shares	\$ Amount	Number of Shares	\$ Amount
Preferred Shares	3,000	\$ 3,000	3,000	\$ 3,000
Common Shares				
Balance beginning of year	43,747,027	10,752,393	43,747,027	10,752,393
Private placement	1,000,000	50,000		
Private placement	5,000,000	500,000		
Private placement	800,000	200,000		
Exercise of options	1,450,000	174,580		
Balance end of year	51,997,027	11,676,973	43,747,027	10,752,393
		\$11,679,973		\$10,755,393

### 7. Share Capital Options and Warrants

#### Options

The Company has established a stock based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. Exercise price of options equals the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a five-year term.

A summary of the status of the Company incentive stock option plan as at January 31, 2004 is as follows:

	Number of shares	Weighted Average Exercise Price
Outstanding January 31, 2003	3,010,000	0.11
Granted:		
February 10, 2003	1,050,000	0.10
January 13, 2004	800,000	0.29
Expired	(900,000)	0.10
Exercised	1,450,000	0.10
Outstanding, January 31, 2004	2,510,000	0.17

# JNR RESOURCES INC.

## Notes to Financial Statements January 31, 2004

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### 7. Share Capital Options and Warrants – Continued

#### Options Granted

During the year, the Company's Board of Directors approved and granted the following stock options to employees and directors.

February 10, 2003	1,050,000	at a price of \$0.10 per share exercisable for five years
January 13, 2004	<u>800,000</u>	at a price of \$0.29 per share exercisable for five years
	<u>1,850,000</u>	

The Company accounted for stock compensation expense of these options using the following assumptions: risk-free interest rate of 4.75%, dividend yield of 0%, volatility of 82% , and expected lives of 5 years. The fair value of these options is estimated at \$0.68 and \$0.198 respectively per option. The Company has recorded \$229,800 in stock based compensation expense on these 1,850,000 stock options during the year. A summary of the status of the Company incentive stock option plan as at January 31, 2004 is as follows:

<u>Number of shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
600,000	0.10	February 10, 2005
560,000	0.11	May 3, 2005
425,000	0.10	May 17, 2005
125,000	0.10	April 14, 2008
<u>800,000</u>	<u>0.29</u>	<u>January 12, 2009</u>
<u>2,510,000</u>		

#### Warrants

During the year the Company completed private placements. The funds were raised by the Company using units with each unit consisting of one Common Share and one Share Purchase Warrant entitling the holder to purchase one additional Common Share

A summary of the status of the share purchase warrants is as follows:

<u>Number of Warrants</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
1,000,000	0.10	June 18, 2004
5,000,000	0.15	January 5, 2006
800,000	0.31	January 22, 2005 then 0.36 to January 22, 2006



# **JNR RESOURCES INC.**

## **Notes to Financial Statements January 31, 2004**

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### **8. Related Party Transactions**

During the year, management fees of \$49,500 (2003 - \$31,500) were paid or accrued as payable pursuant to a management agreement, to a Company of which the sole shareholder is a Director in JNR Resources Inc.

During the year payments totalling \$33,800 (2003 - Nil) were paid to a Company of which the sole shareholder is a Director of JNR Resources Inc for exploration on the Company's mining properties.

During the year, payments totalling \$14,068 (2003 - \$7,563) were paid or accrued as payable to directors of the Company for recovery of disbursements.

During the year \$10,980 was received by the Company from a Director for the recovery of expenses incurred.

### **9. Subsequent Event**

During February 2004, the Company completed a private placement totalling \$621,000. The funds were raised by the Company issuing 2,484,000 units at a price of \$0.25 per unit, each unit consisting of one Common Share and one Share Purchase Warrant entitling the holders to purchase one additional share for a period of one year at a price of \$0.31 or for \$0.36 during the second year.

During April 2004 the Company completed a private placement totalling \$2,500,000. The funds were raised by the Company issuing 5,000,000 units at a price of \$0.50 per unit, each unit consisting of one Common Share.

The proceeds of these private placements will be used towards exploration on the Company's uranium properties located in Saskatchewan, and potential acquisition and exploration of one or more additional uranium properties. The balance of the net proceeds will be used for general working capital purposes.

Subsequent to January 31, 2004 Directors exercised 760,000 options for proceeds of \$77,600 and \$74,000 through exercise of warrants.

### **10. Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due to Directors. The fair value of these financial instruments approximate their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency or credit risk arising from financial instruments.

# **JNR RESOURCES INC.**

## **Notes to Financial Statements January 31, 2004**

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### **11. Non-cash Financing Activities**

During the current year, 50,000 shares of Masuparia Gold corp. were received by the Company pursuant to a mineral property option agreement. The total value of these shares at the time they were received was \$2,500.

### **12. Comparative Figures**

Certain 2003 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2004.

JNR Resources Inc.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE YEAR ENDED JANUARY 31, 2004

Property/ Project	Balance January 31, 2003	Geophys- ical Surveys	Drilling	Geologists & Report Preparation	Travel Camps & Accommod- ation	Total Costs For Year	Cost Recovery	Cost Written Off	Balance January 31, 2004
North Athabasca	\$322,352			\$5,000		\$5,000			\$327,352
Greywake	259								259
Moore Lake	3,587,688	620		43,345	1,378	45,343	(6,279)	(1,315,177)	2,311,575
Lazy Edward Bay	827,928			7,300		7,300		(64,703)	770,525
	\$4,738,227	620		55,645	1,378	57,643	(6,279)	(1,379,880)	\$3,409,711



# JNR RESOURCES INC.

## Schedule B: Quarterly Report Supplementary Information January 31, 2004

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1. Analysis of expenses and deferred costs:

a)	Deferred exploration cost:	\$ 43,678
b)	Costs of mining properties:	2,681
c)	General administrative expenses:	303,266

Administrative Expenses

Amortization	\$ 1,638
Bank and loan interest	38
Bad debt	2,798
Consulting	11,874
Dues and membership	1,220
Filing fees	13,568
General meetings	2,598
Management fees	15,000
Professional fees	9,535
Property examination expense	515
Stock compensation	217,833
Telecommunications	3,960
Transfer agent	1,462
Travel and promotion	21,227

\$ 303,266

d)	Recovery of expenses	\$ 10,980
e)	Research and development expenses	Nil
f)	Write off of mineral property costs on claims abandoned or lapsed and associated exploration costs	\$ 1,425,307

2. Related party transactions: see notes to financial statements.
3. Summary of securities issued and options granted during the period: see notes to financial statements.
4. Summary of securities as at January 31, 2004: see notes to financial statements.
5. Directors as at report date:

Richard Kusmirski, President  
Tracy Hurley, Secretary  
Leslie S. Beck

**1. Description of Business**

The Company is a mineral exploration company engaged in locating, acquiring, exploring and, if warranted, developing mineral resource properties, and currently holds varying interests in mineral properties located in Saskatchewan.

All of the properties in which the Company has an interest or the right to acquire an interest are currently in the exploration stage and, therefore, the Company has no source of operating cash flow. The Company has, therefore, been dependent on raising cash through the sale of its common shares, either by way of private placement or through the exercise of warrants or options. The Company does not expect to deviate from this practice, and fully anticipates undertaking further private placements or public offerings in the future in order to investigate and take advantage of business opportunities which may arise.

During the year ended January 31, 2004, the Company's efforts continued to be concentrated on the exploration for uranium on its both jointly and wholly owned mineral claims, located in the Athabasca Basin area of northern Saskatchewan. The Company along with its Joint Venture partner International Uranium Corporation (IUC) are aggressively exploring a number of these properties particularly Moore Lake, where very encouraging results including high grade uranium mineralization were obtained from previous diamond drilling programs. Management is optimistic regarding the longer term prospects for these properties and in its ability to continue to secure suitable financing to continue exploration.

**2. Operations and Financial Condition**

Operations

During the year ended January 31, 2004, the Company reported a net loss of \$1,792,260 (\$216,843 : 2003). Most of this loss (\$1,425,307) can be attributed to deferred exploration costs being written off, and to costs associated with abandoned or lapsed mineral properties. In 2003 these costs were \$134,237.

Total general and administrative expenditures in fiscal 2004 were \$378,584 compared to \$189,522 in fiscal 2003, an increase of \$189,062. Of this total, \$172,954 is a function of the method by which stock compensation is calculated. Other significant increases were associated with fixed costs such as transfer agent and filing fees which rose by \$17,681, and legal and audit fees which increased by \$13,923. The latter were largely a function of legal counsel's involvement in land deals and private placements. Travel expenses increased by \$17,694. Included in these are investor relations activities. Fees / wages increased by \$6,121, while the relocation of the office to Saskatoon saved the Company \$29,374.

As at January 31, 2004, the Company had working capital of \$516,129 compared to a working capital deficiency of \$154,448 in fiscal 2003. The increase in working capital was the result of completing private placements and the exercise of stock options by directors and employees.

The Company incurred a total of \$22,681 for acquisition of mineral properties and \$57,644 in exploration expenditures on its mineral properties in fiscal 2004. The Company also wrote off \$1,379,880 in deferred exploration costs and an aggregate of \$45,427 on mineral properties that were abandoned or lapsed.

Related Party Transactions

During the year ended January 31, 2004:

- (a) management fees of \$49,500 (2003 : \$31,500) were paid or accrued as payable for office and administrative services, to a company of which the sole shareholder is a Director of the Issuer;



- (b) geological and technical service fees totaling \$33,800 (2003 : nil) were paid to a company of which the sole shareholder is a Director of the Issuer;
- (c) payments totaling \$14,068 (2003 : \$7,563) were paid or accrued as payable to directors of the Company for recovery of disbursements;
- (d) \$10,980 was received by the Company from a Director for the recovery of expenses incurred.

#### Corporate Matters

During the fourth quarter ended January 31, 2004, the Company granted stock options to directors and employees/consultants to purchase 800,000 common shares at a price of \$0.29 per share until January 12, 2009.

#### Properties

No significant property transactions occurred during the fourth quarter ended January 31, 2004.

During the fourth quarter ended January 31, 2004, the Company and IUC tripled their land position in the Lazy Edward Bay area to almost 30,000 hectares, by staking additional mineral claims.

The Company and IUC also staked mineral claims totaling almost 13,000 hectares in the Pendleton Lake area. These properties are subject to the terms of a Strategic Alliance between the Company and IUC; whereby IUC must pay staking and recording costs, and must expend the initial \$500,000 on exploration of the properties to earn a 75 % interest.

During the fourth quarter ended January 31, 2004, the Company staked mineral claims totaling almost 9000 hectares in the Bell \ La Rocque Lakes area. These properties are currently being reviewed by IUC who can elect to earn a 75 % interest in accordance with the terms of the Strategic Alliance.

#### Shareholder Relations

During the year the Company did not conduct any unusual investor relations programs, but continued to conduct its normal shareholder relations activities, and employed one individual in this capacity on a part time basis, over the first two quarters of the year.

### **3. Financing**

The Company completed three equity financings during the year ended January 31, 2004, raising a total of \$1,321,500.

- (a) The Company completed a non-brokered private placement on June 19, 2003 totaling \$50,000. These funds were raised by the Company issuing 1,000,000 units at a price of \$0.05 per unit, each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.10 per share until June 18, 2004. The shares, and any shares issued on exercise of the warrants, are subject to a one year hold period.
- (b) The Company completed a non-brokered private placement on January 6, 2004 totaling \$500,000. These funds were raised by the Company issuing 5,000,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one share purchase warrant entitling the holder to



purchase one additional common share of the Company for a period of two years at a price of \$0.15.

- (c) The Company completed a private placement on January 23, 2004 totaling \$821,000. These funds were raised by the Company issuing 3,284,000 units of which 800,000 were flow-through at a price of \$0.25 per unit. Each unit consisted of either one common share or one flow through common share and one share purchase warrant to purchase one additional common share for a period of two years at a price of \$0.31 for the first year and \$0.36 for the second year.

During the fourth quarter ending January 31, 2004 the Company netted \$62,500 through the exercise of stock options.

#### **4. Subsequent Events**

The Company completed a private placement on February 2, 2004 totaling \$2,500,000. These funds were raised by the Company issuing 5,000,000 common shares at a price of \$0.50 per share.

During the first quarter of 2004, the Company netted \$77,600 through the exercise of stock options, and \$74,000 through the exercise of warrants.

On March 3, 2004 the Company and IUC released the results of 'Phase 1' of the winter drilling program on the Moore Lake project. The results were very encouraging and indicate the presence of high grade uranium mineralization in two additional holes, as well as highly anomalous geochemistry and geology in several others. Further results from the extensive 2004 winter program, and plans for the summer programs on Moore Lake as well as other Joint Venture properties will be released in the second quarter of 2004.

During the first quarter of 2004, the Company acquired by staking mineral claims totaling almost 25,000 hectares in the Black Lake area of Northern Saskatchewan. The Black Lake project is located in the northeast portion of the highly productive Athabasca Basin. The Company is currently reviewing a number of options as to how to move forward on this highly prospective project.

During the first quarter of 2004, the Company and IUC acquired by staking mineral claims totaling almost 12,000 hectares south of Cameco's Cigar Lake deposit. The 'South Cigar' project is subject to the terms of the Strategic Alliance between the Company and IUC.

#### **5. Liquidity and Solvency**

The Company had net working capital of \$516,129 at January 31, 2004, compared to a deficiency of \$154,448 in 2003. The Company is sufficiently financed to meet its operating needs and financial obligations for the ensuing year and intends to continue its focus on exploration of its Saskatchewan uranium properties, and on strengthening its position in the highly productive Athabasca Basin.